

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



April 27, 1987

ALL-COUNTY LETTER NO. 87-59

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: FOOD STAMP PROGRAM-IMPLEMENTATION OF THE FORM FNS-209 (STATUS OF CLAIMS AGAINST HOUSEHOLDS).

In response to county concerns regarding the difficulty of accurately preparing the DFA-209 (Status of Claims Against Households) quarterly report and any necessary subsequent revisions to this report, the State Department of Social Services (SDSS) examined its current need for all reported information and discussed with all 58 counties how a change in the report form could potentially reduce both state and county workload. Based on this review and discussion, the SDSS is substituting the less detailed FNS-209 report form for the currently used DFA-209 report form. The purpose of this letter is to: 1) provide line-by-line instructions for preparing report form FNS-209 and 2) provide answers to specific questions associated with preparation of this report form. Also, in order to insure the accuracy and completeness of the FNS-209 and to comply by federal guidelines as set forth in the most recent United States Department of Agriculture/Office of the Inspector General (USDA/OIG) audit, the SDSS reminds counties that they must insure compliance to this letter and to the USDA/OIG audit comments as follows:

1. All established claims must be reported, regardless of the status; e.g., acknowledgement or receipt of the claim determination or repayment request or investigation of inadvertent household errors as intentional program violations.
2. The claims summary data on the FNS-209 reports must be verified and reconciled to the supporting accounts receivable listings and other inventories of overissuances.

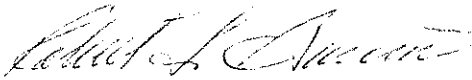
Two major changes will occur with use of the FNS-209: 1) suspense and active claims are combined and 2) the need for prior quarter revised reports is eliminated. These changes will be addressed in detail in Section I of the attachment to this letter.

Counties must begin using the report form FNS-209 for the April-June 1987 quarter. The attached FNS-209, which we request that you duplicate for future use, is to be used for reporting the required information.

As indicated in All-County Letter No. 86-89, the FNS-209 is due to the SDSS within 30 days after the end of the quarter. Please continue to submit this report to:

State Department of Social Services  
Fiscal Policy and Procedures Bureau  
Food Stamp Reports Unit  
744 P Street, M.S. 8-100  
Sacramento, CA 95814

Any questions regarding this letter should be referred to Ms. Jan Johnson, Food Stamp Reports Unit, at (916) 324-2330.



ROBERT L. GARCIA  
Deputy Director  
Administration

Attachment

cc: CWDA

ATTACHMENT

I. SPECIFIC INSTRUCTIONS FOR THE PREPARATION OF THE FNS-209 REPORT.

The following provides instructions for completing each line of the FNS-209 report. While the instructions are basically the same as that contained on the reverse of the FNS-209 (attached), they have been modified for county use and examples have been provided in order to assist with report preparation. As stated on page one of this All-County Letter, two major changes will occur with use of the FNS-209 as follows:

1) Suspense and Active claims are combined for reporting purposes.

For the June 1987 quarter, the first quarter of implementation of the FNS-209, the beginning balance for active claims must be combined with the beginning balance for suspended claims and the total entered on line 3a. Suspended cases will no longer be reported separately on the FNS-209. However, as discussed in Manual of Policies and Procedures (MPP) Section 63-801.5, counties must continue to suspend and terminate claims and maintain accounting records that clearly reflect the balances in the active, suspended and terminated categories.

2) The addition and use of lines 18b and 18c in conjunction with line 3b eliminates the need for prior quarter revised reports. All adjustments to prior quarters will be reflected on current quarter reports on these lines. The only revisions accepted after the March 1987 quarter will be for current quarter adjustments specifically requested by the SDSS prior to submission of the SDSS' consolidated FNS-209 to the Food and Nutrition Service (FNS).

The following instructions supersede those provided in the SDSS' Manual Letter No. 85-18.

Line 1a - State Name

Enter the name of the county for which the report is prepared. Also enter revision if this is a revised report for the current quarter. Remember revisions to current quarter reports are to be submitted only when requested by the SDSS.

Line 1b - State Code

All counties must enter their county project codes.

Line 2a - Quarter Covered

Enter the code (1, 2, 3 or 4) for the federal fiscal quarter the report covers:

- (1) October to December
- (2) January to March
- (3) April to June
- (4) July to September.

Line 2b - Fiscal Year

Enter the last two digits of the federal fiscal year the report covers.

Example: The October to December 1986 quarter would be first quarter of federal fiscal year 1987.

Line 3a - Beginning Balance

Enter the number and total value of active and suspended claims as shown on the ending balance of the previous quarter's report in the appropriate categories of A) Intentional Program Violation, B) Inadvertent Household Error, or C) State Agency Administrative Error.

Line 3b - Balance Adjustments

As stated in the cover page to this All-County Letter, this line item represents a major change between the previously used report form (DFA-209) and the FNS-209. It is critical that entries be clearly identified and explained.

Use this line to adjust balances to reflect amendments or corrections which need to be made to account for incorrect or changed entries in the claims summary section of a previous quarterly report. This line shall also be used to reflect previously terminated or compromised claims that are being reactivated and to record claims that are transferred to or from another state. DO NOT use this line to reflect a claim change from one category to another as a result of a hearing or court determination (this type of adjustment is handled in line 5). Adjustments shall be made by using (+) and (-) signs (brackets may be used for negative adjustments). For example, a county administrative error claim of \$100 was incorrectly posted on a previous report as a household error claim. The adjustment in the amount column of this report would be reflected by showing a +\$100 in column C and a -\$100 in column B. Corresponding (+) or (-) adjustments must also be reflected in the number columns for categories B and C.

Other examples for use of this line include:

1. Increases or decreases in a claim amount because of a hearing or clerical error. (See Question Number 15 in Section II of this letter.)

2. Removing claims from the FNS-209 if it is determined that the claim should not have been established. (See Question Number 2 in Section II of this letter.)

#### Line 4 - Newly Established

Enter the number and total value of all claims established during the report quarter (including claims under \$35 which, at the county's option, may be suspended during the report quarter) for categories A, B and C.

DO NOT use this line to report the reactivation of a previously suspended, terminated or compromised claim amount. These types of claims should be reactivated on Line 3b. (See Question Number 4 in Section II of this letter.) For the purpose of this report, a claim is established when a completed claim determination is received by the local office responsible for processing the claim determination, prior to any initial verbal or written contact with the household.

Note: A claim may not be considered an Intentional Program Violation (IPV) claim unless a household member has been found to have committed an IPV through an administrative hearing or by a court of appropriate jurisdiction (MPP Section 63-801.23).

Until a finding of an IPV has been made, a county must classify a case as a household error claim. An IPV claim must be recorded on the FNS-209 for the quarter in which the finding was made. At such time as a county obtains an IPV finding on a previously identified household error case, the case and the claim balance remaining in the household error category must be transferred from household error to the IPV category through the use of Line 5, Transfers. All collections received during this quarter must be recorded under Category A, Intentional Program Violations. Also, all collections received and reported on prior FNS-209s as household error collections are eligible for the higher IPV collection incentive if the amount collected is included in the subsequent determination that an IPV occurred (MPP 63-801.83). Counties must identify the amount of prior household error collections eligible for the IPV collection incentive in Line 19, Transfers.

#### Line 5 - Transfers

Use this line to reflect that a claim changed from one category to another solely because of a hearing or court determination. All other changes between categories are to be reflected in Line 3b above. The amount of the balance due on the claim is all that should be reflected in the amount column of this line, not the amount of the original claim. Use (+) and (-) signs as appropriate (brackets may be used for negative adjustments). The number column must also reflect a corresponding (+) or (-) adjustment.

Current collections on such claims should be reported in the Collection Summary under the current category as indicated by the hearing or court determination. (See Question Number 17 in Section II of this letter.)

Line 6 - Refunds (20a + 20b)

Self explanatory.

Line 7 - Total

Self explanatory.

Line 8 - Closed

Enter the number of claims closed this quarter by:

- a) Lump-sum payments,
- b) Completion of installment payments,
- c) Completion of allotment reduction, or
- d) Offsetting the full amount of claims against lost benefits.

"Closed" is defined as receiving payment in full. The procedures for the disposition of claim records following closure are established in MPP Section 63-201.6, Retention of Records. Please note that "closed" on this form does not include terminations (these are handled in Line 9).

Line 9 - Terminated

Enter the total dollar value and number of claims which have been held in suspense for three years and are being terminated during this report quarter. The amount entered will be the balance due.

Line 10 - Compromised

Instructions for this line item differ from the instructions on the reverse of the FNS-209. As of March 1, 1987, the SDSS revised the language in MPP Sections 63-801.721 and 63-801.737 which previously required counties to compromise claims. Counties will no longer compromise claims and will be required to collect the full amount of overissuance. However, while counties cannot compromise claims, a bankruptcy court may reduce or eliminate the amount owed on a claim. These bankruptcy reductions shall be reported on this line.

Line 11a - Collection (18a)

Self-explanatory.

Line 11b - Collection Adjustments (18b & 18c)

Self-explanatory. Be sure that (+) and (-) signs are used as appropriate (brackets may be used for negative adjustments).

Line 12

For the "number" columns, enter the sum of Lines 8 and 9. For the "amount" columns, enter the sum of Lines 9, 10, 11a and 11b. Be sure that (+) and (-) signs are used as appropriate (brackets may be used for negative adjustments).

Line 13

Self-explanatory.

Line 14 - Cash, Check, Money Order

For categories A, B and C, enter the total value of claim payments made in the form of cash, check or money order. Only payments which have been collected in the current quarter should be reported on this line. Collections for claims for which the claim amount is or has been an FNS liability must be included; however, they must also be separately reported on Line 27. Please reference All-County Letter No. 86-21 dated March 14, 1986.

Note: Do not record any collection for which there is no record of a claim established during the report quarter. This collection must be held until the next quarterly report when the county determines if a claim has been or must be established.

Line 15 - Food Stamps

For categories A, B and C, enter the total value of food stamps provided by the household as a form of payment for a claim. Only payments which have been collected in the current quarter should be reported on this line.

All returned coupons must be immediately voided upon receipt. The county shall ensure that a copy of the FNS-135, Affidavit of Return or Exchange of Food Coupons, is retained in the client's case file as verification that coupons were returned by the client. The original FNS-135 must be retained in the county's FNS-209 file for auditing purposes. The county must attach a consolidated FNS-135 to this report with an attached list of names of clients, case numbers, and amount of coupons each client returned as repayment of a claim during the report quarter. Only FNS-135s completed for the purpose of returning food coupons in payment of claims are to be included in this item. Upon destruction of these returned coupons, the FNS-471 must be attached to

the FNS-209 for the quarter in which the destruction occurred. The amount of coupons destroyed each month in repayment of claims shall equal the amount reported on the FNS-209 as repayment in coupons (MPP Section 63-801.854).

Note: Coupons destroyed for reasons other than for repayment of claims must be reported on a separate FNS-471 which is attached to the FNS-250 report (MPP Section 63-801.854).

Authorizations to Participate (ATPs) are not an acceptable method of payment. A household must transact the ATP and return the coupons to the county welfare department to pay a claim (MPP Section 63-801.713).

#### Line 16 - Recoupment

Enter the total value of collections made through allotment reductions. DO NOT use this line to record collections made through offsetting restoration of lost benefits (this is shown on Line 17). Also, do not include the value of allotment reductions due to a household member's disqualification. The amount of allotment reduction resulting from IPV disqualification does not qualify as a collection.

#### Line 17 - Offsets

Please note that this line item now includes suspended offsets.

Enter the total value of collections made by offsetting restored benefits against outstanding claim balances. For example, a claim exists for a household in the amount of \$160 but it is also determined that the recipient is entitled to \$50 in restored benefits. Offsetting the restored benefits (\$50) from the claim balance (\$160) reduces the claim balance to \$110. The \$50 is the offset amount to be reported in Line 17. Offsets shall be reported in the quarter in which the restored benefits are to be provided.

The county may offset against claim balances which have been suspended, compromised or terminated. (See Question Number 4 in Section II of this letter.)

#### Line 18a - Total

Self-explanatory.

#### Line 18b - Cash Adjustment:

As stated in the cover page to this All-County Letter, this line item represents a major change between the previously used report form (DFA-209 and the FNS-209. It is critical that all entries be clearly identified and explained.



Use this line to reflect any amendments or corrections to the collection summary of a previous report related to cash, check, or money order collections. Use (+) and (-) signs as appropriate (brackets may be used for negative adjustments). DO NOT use this line to reflect changes that occur because a claim was changed from one category to another due to a hearing or court determination (this type of adjustment is handled in Line 19).

Line 18c - Non-Cash Adjustment:

As stated in the cover page to this All-County Letter, this line item represents a major change between the previously used report form (DFA-209) and the FNS-209. It is critical that all entries be clearly identified and explained.

Use this line to reflect any amendments or corrections to the collection summary of a previous report relative to the return of food stamps, recoupment, or offsetting transactions. Use (+) and (-) signs as appropriate (brackets may be used for negative adjustments). (See question Number 9 of Section II of this letter.) DO NOT use this line to reflect changes that occur because a claim was changed from one category to another due to a hearing or court determination (this type of adjustment is handled in Line 19).

Line 19 - Transfers

You will note that this line item replaces line items 16A and B of the DFA-209.

Use this line to reflect claims that were contained in the collection summary of a previous report and which are being transferred from one category to another because of a hearing or court determination.

If there is an outstanding balance owed on the claim, there must be a corresponding entry on Line 5 of the claims summary to reflect the transfer of the claim. Any other adjustments between categories due to collections should be reported in Line 18b or 18c as appropriate. Use the (+) and (-) signs as appropriate. (Brackets may be used for negative adjustments.)

Line 20a - Cash Refunds

Enter the value of cash refunds provided to households that overpaid claims.

Line 20b - Non-Cash Refunds

Enter the value of noncash refunds provided to households that overpaid claims. (See Question Number 3 in Section II of this letter.)

Line 21 - Total

Self-explanatory.

Lines 22 through 26

For State Use Only

Line 27 - Billing Adjustments

Enter the value of collections from clients on overissuances for which the county has paid the FNS through the FNS-46 billings, the FNS-250 billings, or other FNS billings that result from investigations, audits, gross negligence charges, etc. Since the county has or will satisfy payment for these types of overissuances through the FNS billings, the amounts identified in this section will be fully credited to the county. This figure may represent collections for the FNS liabilities assessed for this quarter or previous quarters. These collections must be reported in the collections summary of the quarter in which payment is received. An explanation must be included in the "Remarks" section explaining what period(s) and type(s) of billings the figures entered on this line represents.

For audit purposes, counties are responsible for ensuring that adequate records are maintained which substantiate that any collection reported in this line is, in fact, repayment for an amount which the county is liable.

Note: DO NOT include collections on overissuances which the County has paid the FNS through the FNS-259 billing system.

Line 28 - Letter of Credit Adjustments

For State Use Only

Line 29 - Remarks

Attach a separate sheet to the FNS-209 if necessary.

Line 30 - Date

Enter the date that the FNS-209 is signed.

Line 31 - Title

Enter the title of the person who signs the FNS-209.

Line 32 - Signature

The responsible person who will certify that the information provided is correct shall sign the form.

The SDSS will adjust the county advance on a quarterly basis to reflect the State and Federal shares of collections retained by the county (MPP Section 63-801.81).

## II. ANSWERS TO SPECIFIC QUESTIONS REGARDING PREPARATION OF THE FNS-209

### Question 1:

If a court orders a client to perform public work, can a Food Stamp claim be established?

### Response:

The FNS has advised the SDSS that if the county is confident that the intent of the court order is to serve in public work as a penalty and not to work off the value of the coupon loss involved, a claim can be established in addition to the penalty. If there is any doubt on the part of the county as to the intent of the court order, the county shall consider the public work, once completed, as full payment of the value of the overissuance involved. The county shall handle such cases by developing a demand letter to be sent to the household which explains that the household would be required to pay back the overissuance should the work not be completed and that the household is required to notify the county when work is complete (unless the county can obtain this information from the courts). Once the work is complete, the claim would be considered "paid in full." There is no county retention of funds or funds due to the FNS in such situations. Counties would reflect such cases on the FNS-209 report in Line 4 as a newly established case based on the date of the court order.

When work is complete, show the claim as "paid in full" by reflecting it as a terminated case on Line 9 of the FNS-209 rather than showing it as a closed case on Line 8 because space is not provided on Line 8 for the amount to be recorded. An explanation shall be provided that payment was received by way of a court-ordered work-off. Although the regulations require that terminated cases be held in suspense for three years, court-ordered public work paid-in-full cases should not be held for the three years because they are actually closed cases. If the client does not complete the work, the county would need to prepare a demand letter requesting payment of the overissuance through one of the three payment plans established under current regulations. If the client completes only a portion of the required work time, the county shall demand payment for the difference between the total overissuance and the amount of work performed.

To assign a value to that portion of the claim that was worked-off, divide the hours worked by the hours required to be worked; then multiply this figure by the amount of the claim. The difference between the amount of the claim and the value of the work performed would equal the claim amount to be collected. For example: a court may order a client to serve in public work for 100 hours as payment of a \$500 claim. If the client only worked 53 hours, then (a) 53 hours worked divided by 100 hours required to be worked multiplied by the \$500 Claim Amount would equal \$265 value of work performed; or (b) \$500 Claim amount minus \$265 value of work performed equals \$235 claim balance to be collected.

Question 2:

How is a claim removed from the FNS-209 when a fair hearing or other decision determines that a claim should never have been established?

Response:

The number and the total established claim amount must be entered as negative entries on Line 3b, Balance Adjustments of the Claims Summary, whether or not the county has made any collection on the claim. If the county has already collected full or partial payment, enter the collected amount which is to be refunded to the household in the Collection Summary on Line 20a, Cash Refunds, or 20b, Non-Cash Refunds, as appropriate, and enter a corresponding amount in the Claims Summary on Line 6, Refunds.

Question 3:

If a county agency recoups from a mail issuance or ATP that is later returned as undeliverable or unredeemed, how is this reflected on the FNS-209?

Response:

If the household was eligible for the month in question, the scheduled recoupment should have been made and no adjustment to the FNS-209 is necessary. The household made an agreement with the county that a given amount be recouped from their authorized benefit amount to pay on a claim and receive the balance to purchase food or the recoupment was scheduled in accordance with regulations. The fact that the household did not receive or use its allotment in any given month does not affect the scheduled recoupment. However, if the household was ineligible for the month in question, neither the household nor county can be credited with the collection and an adjustment is necessary. On the next quarterly report, the amount of the recoupment is to be reflected on Line 20b, Non-Cash Refunds.

As the FNS-209 does not clearly distinguish a physical refund from this paperwork refund, counties must explain in the Remarks Section that the entry for Line 20b contains a recoupment adjustment due to an allotment return and the amount of the adjustment.

Question 4:

Can a previously suspended, terminated or compromised claim be reactivated if a client provides a voluntary payment? If so, how is this reflected on the FNS-209?

Response:

There is no doubt that a voluntary payment should be accepted and reflected on the FNS-209. However, only an amount which is equal to the

offset or voluntary payment amount should be reactivated, rather than reactivation of the full value of the outstanding claim amount. If the county should reactivate the full value of the claim, it would be necessary in a suspended claim situation, to place the balance of the claim after applying the offset or voluntary payment back into suspense for another three years. This would also be true for previously terminated claims. Reactivating a previously compromised claim is somewhat more complicated, as the balance of the claim would have to be recompromised by negotiating with the household again, or be placed in suspense for three years. Reactivating only an amount equal to the offset or voluntary payment would not change the status of the original claim, the balances would remain in suspense, termination, or compromised status. Procedures for reflecting these types of transactions on the FNS-209 are outlined below:

Previously suspended - Suspended claims are reflected on the FNS-209 in the same category as active claims. Therefore, nothing would need to be reflected on the FNS-209 to indicate that a suspended claim amount is being reactivated to account for a voluntary payment or offset. The voluntary payment or offset would simply be reflected in the appropriate line item of the Collection Summary of the FNS-209 form as usual.

Previously terminated - In order to account for a voluntary payment or offset in this case, the county would reopen only an amount equal to the offset of voluntary payment. The number and the amount involved shall be added to the Balance Adjustment, Line 3b, of the FNS-209. A corresponding amount shall be added in the appropriate line item of the Collection Summary of the FNS-209. The collection is also reflected in the Claims Summary in Line 11a and the case is closed in Line 8 as though paid in-full. The county shall provide, with the FNS-209, an explanation that the adjustment represents a previously terminated amount which is being reactivated to account for offsetting or a voluntary payment.

Previously compromised to zero - Again, the county would reopen only an amount equal to the offset or payment involved. The number and amount involved shall be added to the Balance Adjustments, Line 3b, of the FNS-209. A corresponding amount shall be added in the appropriate line item of the Collection Summary of the FNS-209. The collection is also reflected in the Claims Summary in Line 11a and the case is closed in Line 8 as though paid in-full.

The county shall provide, with the FNS-209, an explanation that the adjustment represents a previously compromised amount which is being reactivated to account for offsetting or voluntary payment.

Partially compromised - Example: A \$500 claim was compromised by \$200 which was considered uncollectible from the household at the time the claim was established.

When the household has paid off the uncompromised amount (\$300 in this case), the case would be closed in Line 8. If the household provides a voluntary payment or an offset situation arises, the county would reopen from the compromised amount (\$200) only an amount equal to the offset or voluntary payment. The amount involved shall be added to the Balance Adjustments, Line 3b, of the FNS-209. (DO NOT make an entry in the Number column.) A corresponding amount shall be added in the appropriate line item of the Collection Summary of the FNS-209. The county shall provide, with the FNS-209, an explanation that the adjustment represents a previously compromised amount which is being reactivated to account for offsetting or a voluntary payment.

If the household provides a voluntary payment while still paying on the uncompromised claim amount (\$300), it would be considered an additional payment against the uncompromised balance and recorded in the appropriate line item of the Collection Summary of the FNS-209. If an offset opportunity arises while the household is still paying on the uncompromised amount (\$300), the offset amount shall be used to reduce the compromised amount (\$200), unless the household specifies that the offset amount be applied against the uncompromised amount. The offset amount shall be added to the Balance Adjustments, Line 3b, of the FNS-209. A corresponding amount shall be added to the Collection Summary. (DO NOT make an entry in the Number column.)

Question 5:

How is rounding handled when a previously suspended, terminated or compromised claim is reopened for offsetting purposes and the offset transaction results in a net lost benefit amount of \$1, \$3 or \$5?

Response:

When lost benefits minus the offset equals a net lost benefit amount of \$1, \$3, or \$5, the offset amount shall be reduced by \$1 to avoid net lost benefit amounts of \$1, \$3, or \$5. This procedure will conform with the procedures outlined in Question 4 above which provides that the county reopen only an amount equal to the offset amount rather than to reopen the entire claim amount. Thus, the \$1 would remain in a suspended, terminated or compromised status and be subject to recovery in a future transaction.

Question 6:

If a claim is transferred to another county, how is this reflected on the FNS-209?

Response:

The counties transfer claims in accordance with MPP Section 63-801.74. The county transferring the claim shall enter the number and amount of the claim on Line 3b, Balance Adjustments, of the FNS-209 as negative entries. An explanation that the Line 3b adjustment represent a claim number and amount that is being transferred out and to which county it is transferred shall be provided with the FNS-209. The county receiving the transfer claim shall enter the number and amount of the claim on Line 3b, Balance Adjustments, of the FNS-209 as positive entries. An explanation that the Line 3b adjustment represents a claim number and amount that was transferred in and from which county shall be provided with the FNS-209. If more than one transfer claim appears on a single report, the county would need to identify the number and value of claims transferred to and from each county involved.

Question 7:

When must the FNS-135 and FNS-471 reports be submitted and to whom?

Response:

The MPP Section 63-801.85 requires collection points to complete an FNS-135 and submit it along with the voided coupons to the destruction point. The county shall destroy the coupons and forward the form FNS-471 with the FNS-209 to the SDSS (the amount of coupons destroyed each month in repayment of claims shall equal the amount reported on the FNS-209 as repayment of coupons.) Also, it should be noted that the original FNS-471 must be attached to the FNS-250 when the FNS-250 is submitted to the FNS.

Question 8:

The FNS-209 form provides a means to offset funds due to the FNS to account for those claims which the county has already paid FNS through the FNS-46 billings, or other billings. Can the county offset for FNS-259 billing?

Response:

Counties cannot offset FNS-259 billings on the FNS-209. Unlike FNS-46 or FNS-250 liabilities, the county is not billed dollar-for-dollar for the total value of mail issuance losses.

Question 9:

For FNS-209 reporting purposes, if a client makes a claim payment with a check, is the payment considered collected when presented or only after the check clears the bank?



Response:

When a check is received as payment against a claim the county shall consider the amount of the check collected upon receipt. Most of the checks, including those received near the end of the quarter, will clear the bank and notification will be provided before the counties must submit the FNS-209 report. When notification of a bad check is received after the report deadline, the county shall reflect an adjustment on the next quarterly report if compensation has not been made. The amount of the bad check must be added to the Claim Summary in Line 11b, Collection Adjustment, to account for non-collection against the outstanding claim balances and deducted on Line 18b, Cash Adjustment, of the Collection Summary to account for non-collection for retention purposes. Adjustment explanations shall be provided with the FNS-209.

Question 10:

Should gross entitlement or net allotment after recoupment be reflected on the FNS-250, Food Coupon Accountability Report?

Response:

The net allotment after recoupment should be used. The Form FNS-250 is used to reconcile coupon inventories with issuances. This data would be incorrect if it reflected other than actual issuances.

Question 11:

How is the transaction reflected on the FNS-250 whenever the county recoups 100 percent of an entitlement?

Response:

No issuance figures would be recorded for FNS-250 reporting purposes. A report of the amount of the recoupment would be made on the FNS-209.

Question 12:

Is a household considered to have "participated" if its entire allotment was recouped for a particular month(s)?

Response:

Yes, but no issuance amount is recorded for FNS-388 or FNS-250 for reporting purposes.

Question 13:

How is recoupment handled when the 10%/20% or \$10 rule is applied for calculating the recoupment amount and that amount results in an amount of less than a whole dollar? Also, how is recoupment handled when the final claim balance is reduced to dollars and cents, or gross entitlement after recoupment results in a net allotment of \$1, \$3 or \$5?

Response:

Counties should establish their own methods of rounding in these cases. Such rounding procedures remain within the confines of legislative intent. The intent of the legislation and the regulations is to ensure that, in the end, the county collects as much of the claim as possible, that it does not collect more than the value of the claim and that it does not claim more than was actually recouped. For example, if a rounding procedure established by the county would require rounding up of \$1, \$3 and \$5 net allotments after recoupment to \$2, \$4 and \$6 to coincide with coupon book denominations, the county cannot credit the household with a payment for the difference between the recoupment amount and the amount by which the net allotment was rounded up.

Question 14:

How are transfers reflected between categories when the total number of claims transferred in and out of a category is equal?

Response:

If the total number or dollar value of claims transferred out of a category equals the total number or dollar value transferred into that category, the net effect on the outstanding balance(s) for that category would be zero. Enter zero (0) and explain in detail how this entry was derived. This must be done for any line item adjustment or transfer in which net positive/negative results are reported.

Question 15:

How is a transfer reported when a hearing or court determination results in a change in the claim amount?

Response:

If the hearing or court determination increased or decreased the claim amount, the amount of the increase or decrease shall not be included when transferring the balance due on the claim in Line 5. The amount of the increase or decrease shall be reported in Line 3b. This is true whether or not the claim is being changed to another category.

Question 16:

Is a negative adjustment on Line 13b and 13c reflected as a negative adjustment on Line 11b, and vice versa?

Response:

No. A negative adjustment in the Collection Summary must be reflected as a positive adjustment in the Claim Summary and vice versa. A negative adjustment in the Collection Summary means that collections

reported on a previous FNS-209 were technically not collected. Because the claim balances in Line 3a of the Claims Summary on the report being adjusted reflects that the collections were made, such collections must now be added back into the outstanding claim balances in Line 11b. Be sure that (+) and (-) signs are used as appropriate.

Question 17:

Does the term "transfers" in Line 19 refer to claim balances due (as in Line 5) or claim collections received for a transferred claim reported in Line 5?

Response:

The term "transfers" in Line 19 refers to claim collections received for a transferred claim reported in Line 5. When a transfer of a claim balance is reported on Line 5 of the Claims Summary due to a hearing or court determination which changed the claim from one category to another, all previous collections received on the claim must also be transferred to the new category in order that the different retention amounts can be adjusted accordingly. Record the transfer of all previous collection amounts in Line 19 when a claim balance is reported as transferred on Line 5. Use the (+) and (-) signs as appropriate. The retention amounts will in turn be adjusted through an offset against current collections.

Question 18:

How is the county incentive calculated?

Response:

To calculate the county incentive, the SDSS multiplies Line 21A times 25 percent, Line 21B times 12.5 percent, and adds the two results together as follows:

Example:

	Column A. IPV Amount	Column B. HE Amount
Line 21	\$15,000.00	\$15,000.00
County Incentive	25%	12-1/2%
Result	\$ 3,750.00	\$ 1,875.00
IPV Incentive	\$ 3,750.00	
HE Incentive	1,875.00	
	\$ 5,625.00	Total County Incentive

Question 19:

How is the adjustment to the county advance calculated?

Response:

The SDSS calculates adjustments to the county advance to recoup the amount owed by the county. The SDSS subtracts the county incentive (see answer to Question #21) and the billing adjustment (Line 27) from the net cash collected (Line 14 (+) or (-) Line 18b - Line 20a).

Example:

	<u>Column A</u>	<u>Column B</u>	<u>Column C</u>	
Line 14	\$10,000	\$10,000	\$10,000	
Line 18b	<300>	100	-0-	
Line 20a	-0-	20	10	
	\$ 9,700	\$10,120	\$10,010	Net Cash Collected
Net Cash Collected	\$29,830			
County Incentive	<5,625>			
Billing Adjustment	\$< 300>	As Reflected In Line 27		
	\$23,905	Offset to County Advance		

U.S. DEPARTMENT OF AGRICULTURE  
FOOD AND NUTRITION SERVICE

## STATUS OF CLAIMS AGAINST HOUSEHOLDS

1a. STATE NAME

2a. QUARTER COVERED

☐ 1-FIRST      3-THIRD  
☐ 2-SECOND      4-FOURTH

1b. STATE CODE

2b. FISCAL YEAR

CLAIMS SUMMARY	A. INTENTIONAL PROGRAM VIOLATION		B. INADVERTENT HOUSEHOLD ERROR		C. STATE AGENCY ADMINISTRATIVE ERROR	
	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT
3a. BEGINNING BALANCE						
b. BALANCE ADJUSTMENTS (+) or (-)						
4. NEWLY ESTABLISHED						
5. TRANSFER (+) or (-) (See Instructions)						
6. REFUNDS (20a+20b)						
7. TOTAL (3a+3b+4+5+6)						
8. CLOSED						
9. TERMINATED						
10. COMPROMISED						
11a. COLLECTION (18a)						
b. COLLECTION ADJ. (18b+18c)						
12. TOTAL (See Instructions)						
13. ENDING BALANCE (7 LESS 12)						

## COLLECTION SUMMARY

14. CASH, CHECK, M.O.			
15. FOOD STAMPS			
16. RECOUPMENT			
17. OFFSET			
18a. TOTAL (14+15+16+17)			
b. CASH ADJ. (+) or (-)			
c. NON-CASH ADJ. (+) or (-)			
19. TRANSFERS (+) or (-) (See Instructions)			
20a. CASH REFUNDS			
b. NON-CASH REFUNDS			
21. TOTAL (18a+18b+18c+19-20a-20b)			
22. RETENTION AMOUNT (See Instructions)			
23. NET CASH COLLECTION (14+18b-20a)			
24. TOTAL SA RETENTION (22A+22B)			
25. LOC ADJ. (+) or (-) (23-24)			
26. REIMBURSEMENTS DUE FNS (See Instructions)			
27. BILLING ADJUSTMENTS (See Instructions)			
28. TOTAL LETTER OF CREDIT ADJUSTMENTS (25+26-27)			
29. REMARKS (Attach separate sheet, if necessary)			

I certify that the above information is true and correct to the best of my knowledge.

30. DATE

31. TITLE

32. SIGNATURE

## GENERAL INSTRUCTIONS

This report shall cover the State's activities relating to recipient claims during the report quarter and the status of claims from previous reports. Submission to the Food and Nutrition Service (FNS) of a consolidated State level report is required. Each State agency (SA) shall prepare an original and two copies. The original and one copy shall be submitted to the FNS Regional office so that it will be received in that office by the 30th day following the end of the report quarter. State agencies shall retain the second copy for audit purposes. The report must be submitted even if no payments are collected during the quarter.

### Line 1a State

Enter name of State.

### Line 1b State Code

Enter the 2-digit code of the State.

### Line 2a Quarter Covered

Enter the code (1, 2, 3, or 4) for the Federal fiscal quarter the report covers.

### Line 2b Fiscal Year

Enter the last two digits of the Federal fiscal year the report covers.

### Line 3a Beginning Balance

Enter the number and total value of active and suspended claims as shown on the ending balance of the previous quarter's report in the appropriate categories of A-Intentional Program Violation, B-Inadvertent Household Error, or C-State Agency Administrative Error.

### Line 3b Balance Adjustments

Use this line to adjust balances to reflect amendments or corrections which need to be made to account for incorrect or changed entries in the claims summary section of a previous quarterly report. This line shall also be used to reflect previously terminated or compromised claims that are being reactivated and to record claims that are transferred to or from another State. See "special instructions" below. DO NOT use this line to reflect a claim change from one category to another as a result of a hearing or court determination (this type of adjustment is handled in line 5). Adjustments shall be made by using (+) and (-) signs. For example, an SA administrative error claim of \$100 was incorrectly posted on a previous report as a household error claim. The adjustment in the amount column of this report would be reflected by showing a + \$100 in column C and a - \$100 in column B. Corresponding (+) or (-) adjustments must also be reflected in the number columns for categories B and C.

### Line 4 Newly Established

Enter the number and total value of all claims established during the report quarter (including those under the minimum amount established in Section 273.18(d)(1)(i)(A) of the regulations) for categories A, B and C. DO NOT use this line to report the reactivation of a previously suspended, terminated or compromised claim amount. For the purpose of this report, a claim is established when a completed claim determination is received by the State or local office responsible for processing the claim determination, prior to any initial verbal or written contact with the household.

### Line 5 Transfers (+) or (-)

Use this line to reflect that a claim changed from one category to another solely because of a hearing or court determination. All other changes between categories are to be reflected in line 3b above. The amount of the balance due on the claim is all that should be reflected in the amount column of this line, not the amount of the original claim. Use (+) and (-) signs as appropriate. The number column must also reflect a corresponding (+) or (-) adjustment. See "special instructions" below.

### Line 6 Refunds

Self-explanatory.

### Line 7 Total

Self-explanatory. Be sure that (+) and (-) signs are used as appropriate.

### Line 8 Closed

Enter the number of claims closed this quarter. For the purpose of this report, closed is defined as the State agency having received payment in full, or compromised the amount down to zero. If the amount is compromised to zero, it must also be reflected as closed in line 10. Please note that closed on this form does not include terminations (these are handled in line 9).

### Line 9 Terminated

Enter the number and balance due of those claims which have been determined in accordance with Section 273.18(e)(3) of the regulations to be uncollectible for categories A, B and C.

### Line 10 Compromised

Enter the number of claims compromised and the amount in accordance with Section 273.18(g)(2) and (3) by which the claim has been compromised, not the remaining balance of a particular claim. For example: Claim Amount is \$500. Household can pay \$300 over time, so the claim is compromised by \$200. The amount to be reflected in line 10 is the amount by which the claim was compromised (\$200 in this example).

### Line 11a Collections

Self-explanatory.

### Line 11b Collection Adjustments

Self-explanatory. Be sure that (+) and (-) signs are used as appropriate.

### Line 12 Total

For the "number" columns, enter the sum of lines 8 and 9. For the "amount" columns, enter the sum of lines 9, 10, 11a and 11b. Be sure that (+) and (-) signs are used as appropriate.

### Line 13 Ending Balance

Self-explanatory.

### Line 14 Cash, Check, Moneyorder

For categories A, B and C, enter the total value of claim payments made in the form of cash, check or moneyorder. All payments are to be recorded on the report for the quarter in which the household actually presented the payment.

### Line 15 Food Stamps

For categories A, B and C, enter the total value of food stamps provided by the household as a form of payment for a claim. Such payments are to be recorded on the report for the quarter in which the household actually presented the food stamps as payment.

### Line 16 Recoupment

Enter the total value of collections made through allotment reductions. DO NOT use this line to record collections made through offsetting restoration of lost benefits (this is shown on line 17).

### Line 17 Offset

Enter the total value of collections made by offsetting restored benefits against outstanding claim balances. For example, a claim exists for a household in the amount of \$160 but it is also determined that the recipient is entitled to \$50 in restored benefits. Offsetting the restored benefits (\$50) from the claim balance (\$160) reduces the claim balance to \$110. The \$50 is the offset amount to be reported in line 17. Offsets shall be reported in the quarter in which the restored benefits are to be provided.

### Line 18a Total

Self-explanatory.

### Line 18b Cash Adjustments

Use this line to reflect any amendments or corrections to the collection summary of a previous report related to cash, check, or moneyorder collections. Use (+) and (-) signs as appropriate. DO NOT use this line to reflect changes that occur because a claim was changed from one category to another due to a hearing or court determination (this type of adjustment is handled in line 19). See "special instructions" below.

### Line 18c Non-cash Adjustments

Use this line to reflect any amendments or corrections to the collection summary of a previous report relative to the return of food stamps, recoupment, or offsetting transactions. Use (+) and (-) signs as appropriate. DO NOT use this line to reflect changes that occur because a claim was changed from one category to another due to a hearing or court determination (this type of adjustment is handled in line 19). See "special instructions" below.

### Line 19 Transfers

Use this line to reflect claims that were contained in the collection summary of a previous report and which are being transferred from one category to another because a hearing or court determination. There must be a corresponding entry on line 5 of the claims summary to reflect the transfer of the claim. Use the (+) and (-) signs as appropriate. Any other adjustments between categories are to be reflected in line 18b or 18c as appropriate. See "special instructions" below.

### Line 20a Cash Refunds

Enter the value of cash refunds provided to households that overpaid claims.

### Line 20b Non-Cash Refund

Enter the value of non-cash refunds provided to households that overpaid claims.

### Line 21 Total

Self-explanatory. Be sure that (+) and (-) signs are used as appropriate.

### Line 22 Retention Amount

In column A, enter 50 percent of the amount recorded on line 21, category A. In column B, enter 25 percent of the amount recorded on line 21, column B.

### Line 23 Net Cash Collections

Enter the total value of cash funds collected: add lines 14 and 18b for categories A, B and C; then subtract line 20a for all categories. Use (+) and (-) signs as appropriate.

### Line 24 Total State Agency Retention

Self-explanatory.

### Line 25 LOC Adjustment

Self-explanatory, except that the entry must be reflected as a (+) or (-) figure. A negative figure represents a credit to the State agency.

### Line 26 Reimbursements Due FNS

Enter the total value of Title IV-D child support payments due FNS in accordance with Section 276.2(e) of the regulations.

### Line 27 Billing Adjustments

Enter the total value of collections on overissuances for which the SA has paid FNS through the FNS-46 billings or other billings that result from investigations, audits, or gross negligence charges, etc. DO NOT include collections on overissuances for which the State has paid FNS through the FNS-259 billing system. This figure represents a credit to the SA. In "Remarks" or on a separate sheet of paper identify which FNS-46 report or other billing charge was involved and provide the date the billing was paid and the value of the overissuances that were paid.

### Line 28 Total LOC Adjustment

Enter the total amount which is obtained by adding the total shown in line 26 to the total shown in line 25 (+) or (-) and subtracting the total in line 27. Please indicate whether the amount is a negative or positive figure. If the amount remaining is a negative figure the LOC will be increased by this amount to reflect a credit to the State. If the amount remaining is a positive figure, the LOC will be reduced by this amount.

### Line 29 Remarks

Attach a separate sheet to the FNS-209 if necessary.

### Line 30 Date

Enter the date that the FNS-209 is signed.

### Line 31 Title

Enter the title of the person who signs the FNS-209.

### Line 32 Signature

The responsible person who will certify that the information provided is correct, shall sign the form.

*Special Instructions for Lines 3b, 5, 18b, 18c and 19:*

Especially for these line items, entries must be clearly identified and explained.